



Appendix B - Achievements



The Granholm Administration 2003 and 2004 Years in Review

In its first two years, the Granholm administration has accomplished much that matters to real people. The Granholm administration created real jobs, saved citizens real money, crafted real ways to help schools and children, and assisted people in meeting their health and human service needs - all while putting the state's financial house in order. Her administration has been honest with the people, open to them, and has gotten the things done that it said it would do.

In 2003-04, the Granholm Administration has:

1. Put the state's fiscal house in order and created a stable financial base upon which to grow our economy.
 2. Improved education.
 3. Aggressively worked to protect the environment.
 4. Made real progress and real change in improving health care.
 5. Worked to improve 'hometown' security across Michigan.
 6. Made government 'work smarter' for citizens.
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1. **Put the state's fiscal house in order and created a stable financial base upon which to grow our economy.**
 - Presented executive budgets to the Legislature that reduced government spending by nearly \$1.5 billion while still protecting education, children, health care and public safety.
 - Cut more than \$350 million in administrative costs from government. (Trimmed cell phone use, car use, color copying, etc.)
 - Ordered all state departments to cut costs with outside vendors by at least 10 percent.
 - Recruited seven "Executives on Loan" from major Michigan corporations and placed them in seven state departments. Executives will bring best practices from the private sector to help streamline government and do

what Michigan's best businesses do: improve services without increasing spending. These executives dedicate their time and resources to projects for a six month period.

- Between 2000 and 2004, state invested nearly \$200 million in life sciences and other high-tech projects. This has led to creation of more than 90 high-tech life sciences companies over the past four years.
 - Today the life sciences are a \$4.8 billion industry in Michigan.
 - More than 540 companies, nearly 32,000 life science professionals.
 - Advanced automotive technologies
 - Already have more than 1,000 Michigan companies.
 - Homeland Security
 - More than 100 Michigan companies developing security technologies.
- **Manufacturing:** From January 2004 – August 2004, the Governor has announced the creation and retention of more than 11,321 manufacturing jobs. The jobs were a result of MEGA tax credits offered through the MEDC. The projects will lead to nearly \$811 million in new manufacturing investment.
- **Automotive R & D:** Michigan remains the global leader in automotive R & D and continues to attract automotive technical/engineering/R&D investment to the state. Since January 2004, the MEGA program has helped Michigan win eight major automotive R & D/engineering facilities and expansions: **General Dynamics Land Systems, Mitsubishi Heavy Industries, Infineon Technologies, JATCO USA, TG North America (Toyota Gosei), RL Polk Technologies, MSC Walbridge Coatings and INCAT Systems.** These projects will create 1,992 jobs and spur \$63 million in private investment.

Michigan Remains the National Business Expansion Leader:

Michigan has continued its number one position as the state with the most new business corporate expansions and facilities in the nation over the past seven years, according to the February 2004 issue of *Site Selection* magazine.

Between 1997 and 2003, Michigan welcomed a total of 10,229 major new developments, including 448 in 2003. Michigan is the first state to break the 10,000-project mark since the business publication began gathering the data, and is more than 2,600 projects ahead of California, its nearest competitor. In the same issue, *Site Selection* named Traverse City as the top small town for business growth for

the second year in a row. Detroit finished third in the metro category, following Chicago and New York.

Michigan: Emerging Small Tech Leader:

In March 2003, *Small Times* magazine named Michigan eighth in the U.S. for the development of micro and nanotechnology, continuing the state's advancement in the race to become the nation's center for the small tech industry. Michigan's position in the annual small tech "Hot Spots" rankings is a step forward from last year's ninth place finish.

In June, 2004, the Governor Announced the 2004 Michigan Technology Tri-Corridor Proposal Selections - \$24 Million in Funding 22 applicants - from Michigan research universities to entrepreneurs with new companies and innovative ideas - were selected to share in about \$24 million in funding to spur the development of Michigan's Technology Tri-Corridor. The funding will advance basic and applied research in the state's growing life sciences industry, and support commercialization in the life sciences, homeland security and advanced automotive technology sectors that give the Tri-Corridor its name.

This year's awards are notable as being the first to include funding in all three categories.

Major MEGA Projects

In February, **Global Engine Manufacturing Alliance (GEMA)** decided to bring a second automotive engine manufacturing facility to Dundee. Assistance from MEDC helped convince the company to choose Dundee for the expansion which is expected to create 842 jobs directly and indirectly over the next 20 years and generate \$323 million in private investment.

In March, **GM** announced a plan to invest \$299 million in an upgrade of production facilities at the **Warren Transmission** plant to accommodate the manufacture of a new six-speed front wheel drive transmission. The project is expected to retain a total of 2,241 Michigan jobs, including at least 518 jobs at the Warren facility.

In May 2004, **Kellogg Company** decided to move its U.S. Snacks business unit from Elmhurst, Illinois to Battle Creek, resulting in the addition of 300 Michigan jobs.

A Single Business Tax credit offered by the MEDC worth approximately \$3.7 million over the next five years, combined with local assistance and the prospect of

an Agricultural Renaissance Zone, made up the incentive package offered to encourage Kellogg to bring the headquarters and jobs to Battle Creek.

In July and August, leading office furniture manufacturers **Haworth** and **Steelcase** announced major expansions:

- **Haworth, Inc.** will consolidate four out-of-state manufacturing and distribution operations to existing facilities in Holland, Allegan and Big Rapids as a result of assistance provided by MEDC. The \$42.7 million project also includes a major reconstruction of Haworth's 25-year-old world headquarters in Holland, and is expected to result in over 2,000 new Michigan jobs, including 1,000 jobs directly by the company.
- **Steelcase Inc.** has chosen to consolidate its wood plant operations in Michigan over competing sites due to an SBT credit valued at more than \$2.4 million. The company plans to invest \$3.4 million to transfer operations from North Carolina and Indiana facilities to its existing wood plant in Grand Rapids. The project is expected to create 700 new jobs including 350 directly by the company.
- Created the new Department of Labor and Economic Growth to focus on job development and business attraction.
- Governor's plan extended more than \$168 million in additional, temporary unemployment benefits to working families needing assistance.
- Spearheaded a national "Manufacturing Matters" initiative to develop strategies for preserving and creating critical manufacturing jobs in Michigan. Last fall, Granholm wrote to her fellow governors in manufacturing states and asked them to convene a manufacturing summit, as she did, to identify issues that can strengthen the manufacturing sector that has lost 2.8 million jobs since 2001. Governor Granholm asked Congress and the Bush Administration for changes for changes in federal law and policy that will create a better business environment to improve the competitiveness of the manufacturing sector which provides some of the highest paying jobs in America.
- Created the MiTAPS program which is Michigan's new online permitting program that cuts red tape and helps Michigan businesses process and receive state permits in record time. The Michigan Timely Application & Permit Service (MiTAPS) is a web-based, one-stop shop open 24 hours a

day, seven days a week for businesses to apply for a host of permits from State agencies.

- Introduced a “Preserve First” plan deferring capacity improvement and new road projects in favor of an increased focus on preservation. Under the first year of Preserve First (2003), MDOT improved, rehabilitated or reconstructed more than 2,000 miles of Michigan roadway and moved more than \$180 million in road preservation projects forward. An additional \$432 million in road and bridge preservation work will supplement the Preserve First over the next four years, beginning with the 2004 program.
- Nurtured the agreement for Detroit Area Regional Transportation Authority, and defended DARTA’s right to exist. Continue to support DARTA’s intentions for coordination of services, developing regional plans, and hiring of CEO.
- Brought hope and real assistance to distressed communities by providing leadership through the Governor’s Office and state departments, which stood with communities such as Benton Harbor, Highland Park, Flint and Saginaw, sending the message “we will not give up on you, or leave you behind.”
- **Preserve Existing Infrastructure (Fix-it-First, Fix-it-Right)**

Goal: Increase emphasis on preserving Michigan existing roads.

Michigan’s roads are what keep our economy moving. The Granholm administration has shown commitment to maintaining and protecting the investments we have made in our road system. A gubernatorial mandate created the Preserve First initiative during the early days of the Governor’s tenure. As a result the Michigan Department of Transportation (MDOT) deferred a number of capacity increase and new road project phases in favor of advancing preservation work in 2003. MDOT remains committed to the completion of these previously funded projects. Preserve First will improve the condition of our roads and bridges and protect the investments of Michigan taxpayers. In fiscal year 2003, approximately \$180 million in road and bridge preservation projects were accelerated. Preserve First will help ensure continued progress and success in reaching the department’s road and bridge goals of 95% good on the freeway system and 85% good on the non-freeway system by 2007/2008.



- **Sustain Preservation of Surface Transportation**

Goal: Increase Michigan's share of federal transportation spending.

The Granholm administration will insure that the state has sufficient funds set aside for federal matching fund programs to maximize federal return of transportation dollars. Increasing Federal funding for Highways and Transit has a positive impact on the state's economic vitality. It is estimated that twenty new jobs are created for every million dollars of transportation investment, and for every dollar invested in transportation, there is a \$6 dollar spin off in additional economic activity. The goal of this initiative is to increase Michigan's share of federal transportation spending. Michigan is currently a "donor state" – sending more money to Washington in federal gas taxes than is returned to us for transportation projects/programs. Michigan requests a 95% return of federal dollars sent to Washington for both highways and transit. This would allow MDOT to achieve the desired outcomes of expanding mobility while preserving existing infrastructure. Already, this initiative has attained several goals:

- \$50 to \$200 million increase in annual federal funding for transportation to Michigan.
- Between 1,000 and 4,000 jobs created annually as a result of the increase.
- MDOT preservation goals attained on schedule:
 - 95% good freeway pavements and 85% good non-freeway pavements by 2007
 - 95% good freeway bridges and 85% good non-freeway bridges by 2008

- **Create the Detroit Area Regional Transportation Authority (DARTA)**

Goal: Continue to provide support to DARTA.

Governor Granholm, the Mayor of Detroit, the Macomb County Board of Commissioners Chairperson, the Oakland County Executive, and the Wayne County Executive agreed in May of 2003 to use existing laws to begin solving Southeast Michigan's long-term regional transportation problem. Together they formed the Detroit Area Regional Transportation Authority (DARTA). DARTA will allow more coordinated and therefore effective management of transportation issues and plans for the

southeastern/Metro Detroit area. DARTA will have the power and

authority to plan, design, and coordinate the operation of an effective and efficient regional public transportation system in the southeast Michigan region. The creation of a centralized regional authority will efficiently direct transportation efforts. This consolidation of multiple planning efforts will reduce duplication and waste inherent in the current system. Under DARTA, MDOT will assist DARTA and transit systems across the state and evaluate their system's performance against existing indicators. MDOT will also encourage DARTA and transit systems across the state to develop individual performance improvement goals and plans.

- Created a Cool City Toolbox. This toolbox aggregated over \$111 million in grants, loans and programs so that neighborhoods can access tools for neighborhood revitalization. 20 projects were designated as Cool City Pilot projects and given priority access to the toolbox and expedited action on the grants, loans and programs.
- The Department of Labor and Economic Growth developed the Cool Cities Initiative to create hot jobs in cool cities throughout Michigan. The Initiative works to attract and encourage people – especially young people – to live, work and play in the cities we are working hard to create.
- The Land Use Leadership Council recommended the implementation of a pilot employer assisted housing program to encourage employees and students to live where they work. Michigan State Housing Development Authority announced a pilot program creating a partnership with Sparrow Hospital and the Preferred Health Plan to offer an employee benefit of \$2,500 matched by MSHDA's \$2,500 for employees who relocate in close proximity to where they work.
- The Department of Labor and Economic growth is working to support innovation, entrepreneurship and commercialization in Michigan. The Michigan Economic Development Corporation announced the creation of the Michigan Technology Tri-Corridor SBIR Emerging Small Business Fund in February which invests \$1.0 million in matching funds toward Phase I Small Business Innovation Research (SBIR) awards that will leverage an additional \$25.0 million in federal research and development dollars to Michigan Companies.

- **Create Regional Skill Alliances (MiRSAs)**

Goal: Assist local areas in developing industry-based partnerships that will promote the economic health and welfare of area businesses and workers.

In the last century, businesses came to Michigan looking for strong backs. Today, they also need strong minds ready for continuous learning. To fill this need, the Granholm administration will completely re-engineer workforce training in Michigan. The Granholm administration will ensure that all job-seekers – whether they’re just entering the workforce or looking for a new line of work – will be trained to do the work that employers need now. The Department of Labor & Economic Growth (DLEG) is working to create Michigan’s Regional Skills Alliances (MiRSAs) to find practical solutions to labor issues. Employers in the 21st century face a number of human resource problems such as replacing an aging workforce, finding entry-level workers with the required skills and knowledge and providing training to their current workers. Workers also face similar problems, having to continually acquire and maintain the skills desired by employers. Every person in the labor force needs to have accurate and relevant information in order to make good decisions on training choices and job opportunities.

The MiRSAs are locally managed partnerships formed to address workforce issues affecting firms operating in the same industry and in a distinct geographic area. Applications for the MiRSAs were available as of June 2004 and the MiRSAs will be designated by September 2004. Among the challenges the MiRSAs set out to resolve are worker shortages, skill shortages, training mismatches, employee recruitment and retention, and organizational design. The MiRSAs are implemented with the overall goal of providing Michigan employers with a highly skilled workforce and Michigan citizens with careers that offer good wages and opportunity. MiRSAs are a “win-win” for employers, workers, and our communities.

- **Grow Our Cool Cities**

Goal: Promote vibrant neighborhoods where you can live, work and play.

The Governor’s Cool Cities initiative is committed to the growth and revitalization of our communities. The initiative works to strengthen our communities so they will attract jobs and people, especially young people

with the skills businesses are looking to recruit. In June 2004, the

Governor furthered her commitment to the Cool Cities initiative by issuing \$100,000 catalyst grants to 20 Cool City pilot projects. The twenty selected projects demonstrate the following principles which form the framework for the Cool Cities initiative. They are based on the best practices of the most competitive communities in the United States and around the world.

- Invest in and build on a strong quality of place. Michigan will support initiatives that make communities more unique, attractive, exciting and welcoming so people will choose to stay in or move to our unique cities.
 - Grow our talent. Michigan will support initiatives that provide opportunities to graduates and entrepreneurs in our communities. These initiatives encourage them to stay in our cities and allow us to grow the talent, innovation and creativity these individuals bring. Michigan produces many of the best minds in the world as a result of our schools, corporations and organizations. We need to retain this talent and attract others in order to support and grow our communities.
 - Support innovation. We need our communities to nurture the entrepreneurial spirit that produces new businesses, new products and innovation.
 - Embrace diversity. Michigan is committed to supporting initiatives that provide new ways for people of different backgrounds, races, ages, sexual orientation and religions to connect and know that their talent and innovation is welcome and embraced by Michigan communities.
 - Making new connections. Cool Cities is the catalyst for new connections. It brings people together and facilitates conversations between groups that may not have previously communicated. These connections will provide the collaboration, synergy and momentum needed to bring ideas to fruition and benefit our cities and state.
- **Provide Broadband Services To Underserved and Low-Income Regions**

Goal: Close the digital divide through access to broadband.

Providing Michigan communities' affordable access to high-speed internet service is a priority for Governor Granholm and her administration. Broadband – high speed internet access to information and customers – is

no luxury. It's a necessity to compete in our high-tech new world. Unfortunately, many areas of Michigan still lack this lifeline to

our information-driven economy. Michigan cannot afford to have a digital divide where underserved communities lack the infrastructure of the 21st century. Governor Granholm has therefore made it a priority to close the digital divide in the State of Michigan by providing high speed internet service to the entire state by 2007. She has appointed new members to the Michigan Broadband Development Authority (MBDA) to help facilitate investments in broadband infrastructure by providing low-cost loans to service providers. Within the last six months, the MBDA has made several loans to expand broadband service. The loans have expanded service to places like Kalamazoo, Lansing, Grand Rapids, Holland, and Traverse City. The MBDA goal for 2004 is to invest an additional \$15 million in loan requests that when funded will expand and/or improve service in Flint, Midland, Mt. Pleasant, Saginaw, Bay City, Flint, and the Metro Detroit area.

- **Support Challenged Cities—Benton Harbor & Flint**

Goal: Institute programs and policies to bring economic and social prosperity to challenged cities.

Governor Granholm is dedicated to supporting and developing Michigan's challenged cities. Many of Michigan's most challenged cities face economic trouble and increasing social tension. The Granholm administration is committed to partnering with these cities to spur economic reinvestment.

Benton Harbor.

In June 2003, Governor Granholm upheld her commitment to the people of Benton Harbor by creating a task force to help restore opportunity and hope to the citizens of Benton Harbor by addressing issues of critical importance. The taskforce provided key insights into the community's situation and identified issues where assistance was needed. Results and accomplishments have followed. In June 2004, the City of Benton Harbor received a \$15.9 million federal HOPE VI grant for development of new housing. Benton Harbor also formed the Citizens for Progressive Change (CPC), to give residents an avenue to be heard. CPC was awarded a 21st century Community Learning Center Grant to increase after-school activities and foster the development of children. In addition, Benton Harbor obtained a Recreation, Arts & Culture Grant (\$325,000) from the Office of Drug Control Policy (ODCP) & the Department of History, Arts and Libraries (HAL) to increase recreational activities.

Education & Youth

- Local Benton Harbor schools showed drastic MEAP score improve between 2003-2004, with 45% improvement in math and 22% in English/Language Arts/Reading. All three 2002 non-AYP schools made AYP in 2003, and two AYP schools were removed from the “high priority” list.
- In July 2003, Governor Granholm announced the start of the Summer Youth Employment Program, which was sponsored by Michigan Works! Over 270 youth were employed during the summer at over 120 locations, including sites at the Herald Palladium, Whirlpool, and Habitat for Humanity.

State Community Services

- To provide better access to services, the Family Independence Agency opened Benton Harbor’s first Family Resource Center at Sorter Elementary.
- The Michigan State Police and Citizens for Progressive Change partnered to engage law enforcement and community leaders in dialogue to improve police and community relations during the summer of 2003.
- The Department of Community Health’s Childhood Lead Poisoning Project will work with the Benton Harbor community on lead poisoning prevention efforts.

Housing & Economic Development

- The Michigan State Housing Development Authority contributed \$250,000 to rebuild four new homes in the area where the uprising occurred.
- The Office of the Governor is working to support the Habitat for Humanity Jimmy Carter Work Project for 2005 when 30 affordable homes will be constructed in Benton Harbor.
- Berrien County residents received over \$480,000 in Earned Income Tax Credit (EITC) in 2003. This was a result of the Lt. Governor John Cherry’s outreach initiative in Benton Harbor beginning in 2004. This effort was awarded a \$50,000 grant from the Health and Human Services program for Benton Harbor area TANF recipients to encourage them to file and receive the Earned Income Tax Credit.

- The Michigan Department of Transportation worked with the Army Corps of Engineers to dredge the outer harbor and navigation

channel to permit access for larger boats, boosting commerce and tourism.

Flint

In 2003, Governor Granholm issued the “Granholm Challenge” to a group of Genesee County leaders to gather community members together in an effort to develop a list of priorities that they felt would move the City of Flint and Genesee County forward. This group developed priorities where they requested assistance from the State. With support from this administration, the State of Michigan redirected funds and reprioritized state dollars to Flint, and provided loans, grants, and other forms of assistance. As a result of the Granholm Challenge the community has since started what is called the “Community Challenge Initiative” as an ongoing effort to move Genesee County forward.

State Community Services

- Washington Elementary located in the City of Flint was selected to participate in a pilot initiative to provide comprehensive, targeted human resources to schools that have not made Adequate Yearly Progress. This initiative is designed as an intensive effort to help students and their families by having one-stop shopping for family assistance programs right within the school building. This was the first designated Family Resource Center which now exists in schools throughout Michigan.

Housing & Economic Development

- The Michigan Economic Development Corporation has proposed to make a \$500,000 Core Communities Fund grant to the City of Flint to support their efforts to redevelop the Buick City site. These funds would be used for engineering, design, and infrastructure work to make this site ready for redevelopment. This will jumpstart the nation’s “largest industrial brownfield redevelopment project”.
- The Michigan State Housing and Development Authority is providing \$150,000 in funds to the Community Foundation of Greater Flint to support grants to non-profits engaged in economic development activities in the area.

- The Michigan State Housing Development Authority will award \$50,000 to the City of Flint for the planning of their downtown Third Street redevelopment area.
 - Kettering University is developing a Center for Fuel Cell Systems and Powertrain Integration, focusing on the design, development and manufacturing of stationary and mobile fuel cell systems. The State of Michigan has committed \$500,000 to support this project.
- **Promote Redevelopment of Our Brownfield Sites**

Goal: Utilize Brownfield Single Business Tax (SBT) credits to target and redevelop core cities.

Governor Granholm's administration promotes efforts to streamline brownfield redevelopment and expand Michigan's effort to cleanup these contaminated sites. In February 2004, Governor Granholm announced that Single Business Tax (SBT) credits would be offered through the Michigan Economic Development Corporation (MEDC) under new guidelines to spur brownfield redevelopment in communities across the state. The Michigan Economic Development Corporation will give priority to projects that support "cool cities" redevelopment in downtown and near-downtown areas and the reuse of facilities that enable manufacturers to create or retain jobs.

Governor Granholm announced in February 2004 that Single Business Tax credits offered through the Michigan Economic Development Corporation will help redevelop nine brownfield sites in communities across the state. The projects are the first to be approved under the new program guidelines. The redevelopment will spur more than \$48 million in private investment and create and retain up to 145 jobs. Since June 2000, the program has awarded more than \$213 million in credits that in turn have generated more than \$2.9 billion of private investment in Michigan's older communities and suburbs.

The State of Michigan provides these Single Business Tax (SBT) credits on a case-by-case basis to help with the expense of demolition, environmental cleanup and other remedial actions needed to facilitate reuse of undesirable properties. Credits are available for up to 10% of eligible investments to a limit of \$30 million. In addition to qualifying for SBT credits, contaminated properties may also qualify for tax increment financing (TIF). This allows projects to capture state and local property and school taxes to pay for cleanup-related costs.

- **Promote Employer Assisted Housing (“Live Where You Work” Program)**

Goal: Assist families and individuals in purchasing a home to live nearer to their workplace.

The Governor and the Michigan State Housing Development Authority (MSHDA) are committed to investing in strategies and programs that bring affordable housing solutions to Michigan’s low to moderate income families and individuals. The Land Use Leadership Council report issued by the Governor’s request in August 2003 recommended that the Granholm administration create a program that offers incentives in the form of loans and grants to employees who choose to live closer to where they work. The program promotes higher density, healthy, walkable communities where employees will be more accessible to their employer simply because they can walk to work. According to the Council’s recommendation, MSHDA launched the Employer Assisted Housing Program in June 2004. The program forms a partnership between MSHDA and employers and assists families and individuals in purchasing a home, with MSHDA matching the employer’s cash assistance for homeownership. Currently, the program is conducting a pilot with Sparrow Health Center in Lansing, Michigan. The program not only promotes livable and walkable communities, but it also brings sustainability to employers and employees by drawing businesses back into the urban areas and stimulating economic growth. Benefits to employers and communities include staff retention and recruitment and revitalized neighborhoods adjacent to employer locations.

Prior to buying a home, employees in the Employer Assisted Housing Program will be given the opportunity to participate in a homeownership education class delivered by local Homeownership Counselors and funded by MSHDA. Employees also receive the help of committed lenders willing to make the home buying experience a smooth process.

- **Conduct an Inquiry Into Rising Insurance Rates & End Credit Scoring**

Goal:



1. *Investigate the rising costs of insurance rates and the resulting rate disparities.*
2. *Lower base rates for insurance customers by banning the use of credit scoring.*

Investigate the rising costs of insurance rates and the resulting rate disparities.

Since her term in the Attorney General's office, Governor Granholm has always been an aggressive advocate for Michigan consumers. She continues to fight for consumer protection by investigating the rising cost of insurance and the resulting rate disparities across the state. In January 2004 Governor Granholm and Commissioner Linda A. Watters of the Office of Financial and Insurance Services (OFIS) launched an investigation into Michigan's rising home and auto rates. Commissioner Watters issued the first "data call" in 20 years, asking all Michigan home and auto insurers to provide detailed information to justify their rising rates. The results of the data call on rate disparities is currently being analyzed by the Office of Financial and Insurance Services to determine if it meets the legal tests for excessive rates in the state.

Lower base rates for insurance customers by banning the use of credit scoring.

Credit scoring is the practice of using a consumer's credit score, commonly used for mortgage lending and credit card offers, to determine the premiums paid by consumers by offering discounts to the "base rate" based on that score. Since 1999, when credit scoring began to be widely used in Michigan, the base rates for both home and auto insurance have been rising statewide. While certain consumers have benefited from having the discount for a high credit score offset the increase in base rates, others have seen their actual premiums pay skyrocket due to credit information. Studies have found that as many as 75% of credit reports contain inaccuracies that can negatively harm a person's otherwise positive credit score, thereby increasing the insurance premiums they pay. Credit scoring by insurance companies has further been shown to disproportionately impact people in low-income communities, because of a lack of access to credit in these areas. Credit scoring has only served to exacerbate the already high premiums paid by many citizens who happen to live in urban communities.

In April 2004, Governor Granholm and Office of Financial and Insurance Services Commissioner Watters proposed a new state rule to reduce base

rates for all insurance customers by banning the use of credit scoring in determining rates for homeowners and auto insurance sold in Michigan. The newly proposed insurance rule would eliminate the use of credit scoring for discounts, resulting in an expected decrease in base rates of between 10 and 45 percent. This action would make Michigan the first

state in recent years to completely ban the use of credit scoring in determining home and auto insurance premiums.

2. Improved Education

- Protected K-12 education funding, while still cutting more than \$1.5 billion in spending from state's budget.
- Changed state's education mission from K-12 to 0-12.
 - Called on Intermediate School Districts to refocus their work specifically on early education and adult education.
 - Implemented a new rule to require reading and literacy activities in day care centers.
 - Established Project Great Start – an umbrella program designed to coordinate all Early Education programs in state. Goal is to increase reading to children and underscore importance of reading for parents. Elements include a Surgeon General-driven effort to have physicians provide information to their patients, public service announcements, and distribution of 80,000 parent education READY kits to low-income parents and first time moms.
- Created the Children's Action Network within government so that all departments of government can focus on how they can contribute to improving education.
- Created Family Resource Centers in 19 High Priority Schools with 20 new centers to open this school year. These Centers pools resources of local human services agencies to families can more readily access services.
- Signed a law creating a special "rainy day fund" to help ensure adequate funding for Michigan's public schools.
- Created a Commission on Higher Education and Economic Growth lead by the Lieutenant Governor John Cherry to find ways to double the

percentage of Michigan citizens who earn college degrees and other credentials of value.

- **Created the Children’s Action Network (CAN) and Family Resource Centers**

Goal: Partner to improve Adequate Yearly Progress (AYP) schools of need.

Our education system remains one of our most powerful economic tools. Never in history have businesses wanted precisely what parents want: highly skilled, value-oriented citizens who will be successful in life and in the new knowledge based economy. Governor Granholm believes that investing in education leads to economic growth. In the spring of 2003, the Governor targeted resources towards 216 High Priority Schools that did not make Adequate Yearly Progress (AYP) under the No Child Left Behind Act (NCLB) in 2002. Many of the schools on this list were located in urban centers such as Detroit, Grand Rapids, Flint, Saginaw, and Benton Harbor. The Governor’s Office and the Department of Education worked with the business and foundation communities, as well as community organizations, to better coordinate services and resources to help these schools. As the Governor and Department of Education have noted, these schools face social service as well as educational challenges. The Granholm administration will hold these schools accountable to high standards and help them achieve those standards by using the new Principals Academy at the Department of Education to help schools meet their Adequate Yearly Progress goals. The State of Michigan is continuing to work with high priority schools across the state in addressing the many challenges they face and ensuring that children succeed in school, regardless of where they live.

In the spring of 2003, the Governor formed the Children’s Action Network (CAN) within state government to break down silos and focus various department efforts on the needs of children in Michigan. Through the efforts of CAN, and the leadership of FIA, the state has established 19 Family Resource Centers in the state’s “high priority” schools, many of them in urban centers such as Detroit, Pontiac, Grand Rapids, Lansing, Saginaw, Benton Harbor, and Flint. Recently, FIA announced the establishment of 20 more Family Resource Centers, set to open in fall 2004. These resource centers provide families with the services and

support they need and the convenience they offer from their location in their child's school.

3. Aggressively worked to protect the environment

- Created a bipartisan Land Use Council to curb sprawl, protect greenspaces and redevelop cities.
- Signed an Executive Order directing state agencies to look first to Michigan's downtowns for their office space needs.
- Directed the Department of Transportation to use context sensitive design in designing roadways here in Michigan.
- Worked with the legislature to pass legislation that will enable joint planning, allow for preservation of open space, and expedite the process for returning abandoned and tax-reverted properties into development and back on the tax rolls. In total, over 20 bills have been signed into law related to the Land Use Council Report.
- Developed a Live Where You Work program with the Michigan State Housing Development Authority. The program offers down payment assistance up to \$2,500.00 to employees of companies that are willing to partner with MSHDA and also offer the benefit to employees for purchase of housing in areas surrounding the business.
- Announced and signed legislation to pledge that all state forests would become certified for sustainable management by 2006. The certification will ensure that all state forests are managed in an environmental, economic and socially sustainable manner; protecting some of our most precious flora and fauna while ensuring a healthy forest products industry and forestry jobs.
- Prohibited the open water disposal of contaminated dredge sediments in the Great Lakes. We need to clean contaminants out of the lakes, not put them back into the Lakes.



- Directed DEQ to protect all, small, isolated wetlands on state land under Michigan's Wetlands Protection law. Previously, wetlands under 5 acres in size, were not protected under this law.
- Opened Tri-Centennial State Park on the Detroit River. Michigan's 97th State Park and Harbor signifies a new era for Michigan State Parks. As the first urban park, the 31 acres carved out on the banks of the Detroit River are a green oasis in the midst of Michigan's largest city.
- Developed and implemented new permitting programs to streamline bureaucracy and cut red tape, without compromising environmental integrity, public health and safety, or public involvement in government through three new programs: MiTAPS (Michigan Timely Application and Permit Service). MITAPS will enable Michigan citizens and businesses to apply for and track permits and licensees on-line. This system is the first of its kind in the country and puts Michigan at the forefront in regards to ensuring a competitive business climate and a high quality of life. PLEDGE, and Value Stream Mapping are two programs by which Michigan Department of Environmental Quality has re-tooled its air permit program to ensure greater public participation in the permit process while achieving a permit issuance timeline of 6 months or less. Collapsing the timeline for permitting from 18 months to 6 months is critical to keeping and attracting manufacturing jobs to Michigan. Visit us on-line at www.michigan.gov/mitaps
- Proposed that Michigan pass the Water Legacy Act, to ensure our water is protected now and into the future from unwise use and diversion.
- Directed Department of Environmental Quality Director to institute new landfill regulations to closely inspect trash for illegal, dangerous substances from Canada.
- Worked with the legislature to pass new legislation in Michigan to raise standards for health and safety and reduce the amount of trash coming into Michigan.
- Asked the US Environmental Protection Agency to enforce restrictions on Canadian trash that flows into our state, and worked with our Democratic Senators to push EPA and Department of State to enforce those restrictions.

- Signed an Executive Order establishing the Michigan Clean Water Corps, a volunteer network of citizens helping to monitor our state's waters and ensure their purity.
- Designated the Pine and Manistee Rivers as Natural Rivers to preserve, enhance and protect the state's river system. The first rivers designated in 20 years in Michigan.
- Created the Chronic Wasting Disease Task Force to develop recommendations to prevent this disease from decimating the state's multi-million hunting industry and irreplaceable deer herd. Fought hard

to implement the first recommendation of the task force, and complete an audit of the captive deer operations in the state to reduce the risk of CWD ever entering Michigan.

- Renovated and redesigned the State Park in Monroe County to be more accessible and useable to the public.
- Secured \$37 million in federal funds to fight the Emerald Ash Borer.
- Signed Executive Directive incorporating context sensitive design into transportation projects whenever feasible.
- Awarded 49 new bike and pedestrian projects through the Transportation Enhancement program.
- **Encourage Proper Land Use in Michigan**

Goal: Change state policies and practices to better discourage sprawl, promote wiser resource management, and become more efficient in assisting the public in acquiring and leveraging funding for land use related projects.

The Granholm administration will work to recapture Michigan's national leadership in preserving our natural resources and discourage improper land use. Unplanned, uncontrolled consumption of open spaces not only destroys the quality of our land, water and ecosystems, it also threatens our social and economic well-being. To best achieve these goals Governor Granholm created the Land Use Leadership Council which issued a land use report in August of 2003 to the Governor advising her and her administration with specific initiatives regarding land use and resource management. The Governor and the Department of Environmental



Quality support the findings of the report and continue to make change according to the Council's recommendations. The Department of Environmental Quality promotes the sustainability of Michigan's land based industries and continued urban revitalization, while concurrently protecting our state's environmental quality. The Granholm administration supports planning that will help maintain critical infrastructure, and reduce needs for new infrastructure in undeveloped areas. Furthermore, emphasis is placed on helping maintain undeveloped areas for biodiversity protection, wildlife areas, recreation, and agriculture.

- **Clean Up Lead Risk Areas in Michigan**

Goal: Identify sites of lead risk and promote cleanup of areas.

Governor Granholm believes we must invest in a clean Michigan. One priority of a clean Michigan is the remediation of lead contamination. The Governor's commitment to this issue led the Department of Environmental Quality to identify over 200 sites where lead has been processed or emitted in some fashion. By April 1, 2004, DEQ evaluated three sites posing potential risk to communities as a result of historical smelting in Detroit and prioritized these sites for further investigation. Furthermore, complete lead cleanup is planned at school locations in Detroit and areas considered high risk for children. The DEQ will also investigate and identify the need for interim response actions at three of the sites in fiscal year 2004, and three sites in fiscal year 2005. The initiative also includes community outreach activities associated with each area where lead hazards are identified in the community.

- **Provide Grants & Loans for Brownfield Redevelopment**

Goal: Provide funding for communities to redevelop brownfield areas and further economic growth.

Governor Granholm advances the idea of protecting the environment and at the same time growing our economy. In February 2004, Governor Granholm signed legislation to redirect \$55 million in Clean Michigan Initiative (CMI) funds to the Brownfield Grants and Loans Program. This initiative will annually award five grants and five loans to communities for the redevelopment of brownfields. The award will be a minimum of \$5 million annually in new grant and loan brownfield redevelopment

projects, with a balanced statewide distribution. It is estimated that this initiative will achieve redevelopment of 25 acres of brownfield property per year through the grants and loans program. Moreover, the initiative will annually create 100 new jobs as a result of brownfield grant and loan projects. The brownfield grant and loan initiative will bolster local economies by leveraging an estimated \$7.5 million private investment per year.

4. Made real progress and real change in improving health care.

- Introduced nation's first bulk-buying pool for prescription drugs. By partnering with other states, saved an additional \$8 million on prescription drugs.
- Reinstated Medicaid benefits for 40,000 parents, grandparents and caregivers who had their benefits cut under the previous administration.
- Appointed the state's first Surgeon General to focus on public health issues like teen smoking, lead poisoning prevention and obesity. Subsequently the Surgeon General developed two important documents: *Healthy Michigan 2010* and *A Prescription for a Healthier Michigan*. The first document reports on the current status of the Michigan population, in terms of prevalence of diseases, injuries, and personal health risks and behaviors. The second document outlines Dr. Wisdom's strategic priorities to preserve, protect, and promote Michigan's health.
- Fought to maintain Medicaid healthcare coverage for 40,000 of Michigan's most vulnerable citizens.
- Secured legislative passage of a major increase in the cigarette sales tax to help fill a \$295 million hole in Michigan's Medicaid budget – minimizing the cuts made in this important program.
- Launched a statewide lead poisoning prevention plan featuring expanded testing for children, increased funding and loan availability for lead abatement, and improved risk assessment.



- Applied for waiver to expand Elder Prescription Drug Program. Expanded EPIC will offer prescription drug coverage to three times as many senior citizens as have it now.
- Created 3 new and expanded 3 existing Federally Qualified Health Care centers in Michigan's cities to improve primary health care for Michigan's low-income residents.
- Signed a law reforming Michigan's insurance market for small businesses, ensuring more small businesses can afford to offer health care benefits to their employees.
- Signed a law creating a pilot program to extend health care benefits to working mothers with little or no health insurance.
- Pursued the development of and financing for the Detroit/Wayne County Health Authority to provide safety net services, facilitate care coordination, maximize revenues, and enhance efficiency. That recommendation came to fruition on August 18, 2004, when the Board of the Detroit Wayne County Health Authority held its inaugural meeting.
- Provided \$50 million in additional funding to the Detroit Medical Center to insure it could meet its mission of serving Detroit's most vulnerable residents
- Established the Michigan Medicaid Long Term Care (LTC) task force to improve community-based care for seniors, eliminate unnecessary regulatory barriers, and lessen the enormous pressure on the state's Medicaid budget.
- Established the Michigan Mental Health Commission, a temporary body appointed by executive order to reevaluate the state's publicly-funded mental health system with the ultimate goal of using its recommendations to transform Michigan's mental health system into a national model. The commission is comprised of mental health consumers, advocates, providers, representatives from law enforcement and the courts, policymakers, and the public.
- **Support the Detroit Wayne County Health Authority**

Goal: Continue to support the DWCHA to further improve the health status of Wayne County.

Throughout her career as a public servant Governor Granholm has been a consistent fighter for the health and well-being of Michigan's families. As Governor, she continues to fight for quality health care for Michigan citizens. In June of 2004 the Governor approved the Wayne County Health Authority in partnership with the governing bodies which included the City of Detroit, Wayne County and the State of Michigan. The Authority will move forward with implementation as it concretely addresses long term health care issues in southeast Michigan. It will address Wayne County's severely decreased population rates, coupled with increases in poverty, unemployment, uninsured citizens and poor health status. These problems have all led to the resulting erosion of Detroit's health care infrastructure. In order to address these inequities the authority created four priority objectives:

1. Provide safety net services, especially for those on Medicaid and the uninsured
2. Facilitate care coordination throughout the system
3. Maximize revenues for the entire area
4. Enhance efficiencies at every level.

The Authority will provide direction to ensure that uninsured and underinsured members of our community have access to early preventive and primary care to prevent and manage disease. In addition, the Authority will improve the connections between residents' health care needs and local resources by improving processes and removing obstacles to quality, cost-effective health care services.

- **Support the Detroit Medical Center (DMC)**

Goal: Continue to work with the DMC to provide services to area citizens.

In early 2003 the Detroit Medical Center faced a financial crisis. Revenue from once higher patient volumes was dwindling and cost-cutting could not offset spiraling health care costs for the DMC. With its cash reserves dwindling and the burden growing from providing free care in a city in which half the population has inadequate or no health coverage, the DMC was in danger of defaulting on loans. To address these issues, Governor Granholm issued an executive order to create the Detroit Medical Center Fiscal Stability Taskforce to advise how to improve the financial status of the DMC.



The Taskforce completed its report and recommendations in July of 2003 and the State of Michigan, the City of Detroit and Wayne County agreed to provide as much as \$50 million in public health safety net to the City of Detroit and Wayne County. 1,000 jobs were saved from elimination at Detroit Receiving Hospital and Hutzel Women's Hospital. One year following the agreement the Detroit Medical Center faces financial recovery.

- **Preserve Medicaid**

Goal: Protect Medicaid and coverage to underserved areas.

Since taking office in 2003, Governor Granholm has rejected cuts to the state budget that harm Medicaid eligibility and benefits. The Granholm administration's budgetary priorities protect services for low-income families, children, the elderly and the disabled, fund managed care, and

provide Medicaid cost containment. The Governor has proposed new state revenue (through taxes on tobacco, estates, and liquor) to replace federal funding restrictions and shore up the state's safety net for its most vulnerable citizens. The Governor is committed to maintaining healthcare and protecting the state's most vulnerable citizens. The budget recommendations, as presented to the State Legislature in February 2004, reflect this continued commitment. In Wayne County alone, the state of Michigan spent \$1.94 billion on Medicaid in fiscal year 2003.

- **Protect Michigan's Children from Lead Poisoning**

Goal: Enforce the Lead legislative package.

The remediation of lead contaminated homes in Michigan homes is an important priority for the Granholm administration. Through the efforts of the State of Michigan Surgeon General, Dr. Kimberly Dawn Wisdom and Governor Granholm, the State of Michigan collaborated across departments including the Department of Community Health and the Department of Environmental Quality to issue a call to action in July 2003 describing a range of important lead testing and abatement legislation and policies to be undertaken. In the April 2004 legislation was signed which ensures that 80 percent of all Michigan children enrolled in Medicaid will be screening for lead exposure by 2007. This focus on reducing lead poisoning has led to the lead remediation of 54 homes in southeast Michigan - 12 in Detroit, 40 in Highland Park, and two in Hamtramck. The State of Michigan has funded 25 lead risk

assessors within the city of Detroit. These assessors, acting on behalf of the Detroit Health Department, respond to complaints regarding the prevalence of lead in Detroit residences. One of the most significant accomplishments to date of the Granholm administration's focus on lead has been the remediation of lead soil at the Master Metals, Inc. industrial site within the city of Detroit. This facility has now been made lead free, along with the soil in surrounding residential properties.

- **Boost Child Immunization Rates**

Goal: Improve the rates of child immunization in the City of Detroit.

Governor Granholm and the State of Michigan Surgeon General, Dr. Kimberly Dawn Wisdom underscore the importance of disease prevention to build a healthy Michigan. The office of the Surgeon General has committed its full support to boosting child immunization rates in Michigan. This commitment has focused on the City of Detroit in

particular where immunization rates have improved markedly. The compliance immunization rate for schools in the City of Detroit increased from 56.6% in 1992 to 94.4% in 2003. The following strategic actions have worked to increase immunization rates in Detroit.

- The State of Michigan placed immunization nurses at two primary health centers in the City of Detroit to assess the immunization status of children enrolled in Women, Infants and Children. This effort increases the number of eligible vaccinated children.
- The State of Michigan increased the number of site visits to Vacines for Children provider sites in the City of Detroit from 85 in 2000-2001 to 173 in 2002-2003.

5. Worked to improve 'hometown' security across Michigan

- Apprehended more than 700 offenders, taking nearly 600 "off the street" in on-going, "felon sweeps" conducted in coordination with Michigan State Police, Michigan Department of Corrections and local law enforcement agencies. [In total, four sweeps have been conducted from 2003 – 2004]
- Partnered with local law enforcement and community service programs to expand the Mentor Michigan program – the program has linked children who need an adult's guidance with caring adults.



- Instituted a zero-tolerance policy for parolees and probationers caught with or near guns
- Continue to ensure our Emergency Management Division is fully prepared to handle any crisis – i.e., August 14, 2003, blackout
- Secured funding from the Federal Emergency Management Agency (FEMA) for emergencies in Michigan:
 - Emerald Ash Borer – roughly \$37 million
 - Upper and Lower Michigan Peninsulas Flood Relief
 - \$38.5 million has been allocated to date; a figure that includes FEMA money and state matching dollars
 - \$12.6 million in small business administration assistance has been allocated
 - Both of these numbers continue to grow
 - Electrical Grid “Blackout” – State of Emergency Relief - \$5 million allocated to date

6. Made government ‘work smarter’ for citizens.

- Signed an Executive Order directing the Department of Treasury to invest state dollars in corporations with strong corporate ethics practices.
- Clamped down on state spending through contracting – directed the state to review any contract in excess of \$25,000 before beginning the contracting process.
- Consolidated the Departments of Consumer and Industry Services and Career Development into one department of Labor and Economic Growth.
- Directed DMB to find ways for departments to share human resources, purchasing and other common functions.
- Signed an Executive Order directing the state to do business only with corporate citizens who follow the laws protecting workers, consumers and the environment.
- Signed an Executive Order creating the state’s first comprehensive ethics policy for all state employees.
- Appointed team of “bureaucracy busters” from state’s business community to help streamline state government and find efficiencies.

- Created Children's Action Network – breaks down state government from 19 separate departments into one, single entity focused on improving education and service for children.
- Opened an accessible Constituent Services office in her building and met privately with constituents every month.
- Appointed a diverse cabinet that reflects the true face of Michigan – a cabinet that reflects both of Michigan's peninsulas and people of every race, religion and ethnic background.
- Instituted regular correspondence with state employees.
- With the Lt. Governor, spoke directly to citizens in cities across the state to gather citizen input on government spending.
- Appointed state's first Governor's Advisor for Homeland Security to regularly advise the Governor on capitalizing on federal homeland security efforts and funding to Michigan's first responders.
- Introduced a "Fix It First" plan to invest in and focus on fixing Michigan's existing roads before building new ones. This year, improved, rehabilitated or reconstructed more than 2,000 miles of Michigan roadway and moved more than \$180 million in road preservation projects forward.
- Introduced an on-line "Pot Hole Hotline" so citizens can report potholes 24 hours a day.
- **Improve the delivery of the Department of Civil Rights Services**

Goal: Serve as a national leader in state level civil rights promotion and enforcement

As our state moves forward into the 21st century, Governor Granholm does so with the intent to strengthen One Michigan through the utilization of one of our greatest assets –the rich cultural and ethnic diversity of our citizenry. It is our hope to continue the more than 40 years of progress by the Michigan Civil Rights Commission and Department by solidifying its

position as a national leader in state level civil rights promotion and enforcement.

To this end during 2003 – 2004, the Department extended its reach into proactive civil rights by expanding its Building Cultural Competency training designed to give participants, including governmental employees as well as those in the private sector, a better understanding of the five major cultural groups in Michigan. In recognition of the value of alternative dispute resolution (ADR), the Department has incorporated internal mediations using Department colleagues to increase the capacity of the existing external mediation program as a viable option to the complaint resolution process. Both programs are destined to be cornerstones in the Department's future.

Over the past year the Department had the opportunity to implement these strategies in several communities around the state. The most visible was Benton Harbor, the site last year of several days of violent civil unrest. MDCR's use of a community liaison and its Crisis Response Team in Benton Harbor - who offered community-building techniques and identify networking opportunities for sharing resources and encouraging partnerships around common issues – proved to be critically important in

helping to deescalate the violence and tension, proving to be an invaluable resource to the Benton Harbor community, our Department and Granholm administration.

MDCR also provided crisis intervention services in Hamtramck High school following tensions between African American and Arab students and the Department has been monitoring hate group literature distributed in Rosedale, Grosse Pointe, Brighton, Ypsilanti, Holly, Bay City, Wyoming, Traverse City, Grand Blanc, Saginaw and other communities.

- **Promote the Work of the Michigan Alliance Against Hate Crimes**

Goal: Ensure a consistent and effective response to hate crimes and incidents of violence in Michigan communities.

The MDCR has been an active participant in working together with the Michigan Alliance Against Hate Crimes (MIAAHC) to ensure a complete and effective response to hate crimes and bias incidents. The alliance; which includes the United States Attorneys from the Eastern and Western Districts of Michigan among the a coalition of more than 70 federal, state and local law enforcement agencies, civil and human rights

organizations, is committed to supporting victims of hate crimes and partners in education and prevention initiatives.

- **Promote the Work of the Crisis Response Team**

Goal: Respond quickly to crisis incidents related to discrimination and hate.

The Crisis Response Team (CRT) was kept busy throughout the year with civil rights related crisis incidents in Michigan. Many of the challenges faced by the team involve Arab Americans suffering backlash from September 11, 2001, or the more recent wars in the Middle East. Arab Americans continue to report incidents of backlash or discrimination to the Arab-American Anti-Discrimination Committee, who often then refers the complaining party to MDCR. In addition to backlash against Arab Americans, there was also several hate incidents directed at other minority groups in the state.

This year MDCR expanded the coverage of its toll free number (1-800-482-3604) to include an emergency hotline for Michigan residents needing immediate response to a backlash incident, hate crime or bias incident.

Residents are still encouraged to contact local law enforcement if they feel endangered.

- **Build Cultural Competency Training**

Goal: Work with agencies and organizations across the state to increase understanding and tolerance of different ethnicities

MDCR's Partnership Team continued to receive requests for the Department's Multi-Cultural Liaisons to conduct Building Cultural Competency training from agencies and organizations throughout the state. This eight-hour workshop offers information that will enhance the participants' understanding of five major cultural groups in Michigan: African American, American Indian, Arab American, Asian American and Latino American.